

2005 DRAFTING REQUEST

Bill

Received: 11/04/2005

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: J.A. Hines (608) 266-7746

By/Representing: Doug

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters: jkreye

Subject: Local Gov't - munis generally
Local Gov't - counties
Tax, Business - miscellaneous

Extra Copies:

Submit via email: YES

Requester's email: Rep.Hines@legis.state.wi.us

Carbon copy (CC:) to: joseph.kreye@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Premier resort areas; limit managed time-share projects; create a tax on time-share exchanges

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							S&L
/P1	mshovers 11/17/2005 jkreye 11/23/2005	jdyer 11/28/2005	rschluet 11/28/2005		lnorthro 11/28/2005		S&L
/1	mshovers 12/01/2005	jdyer 12/01/2005	pgreensl 12/02/2005		lemery 12/02/2005	lnorthro 02/22/2006	

*jacketed for
sent to
Senator
Schultz
office
per
Hines*

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

jkreye
12/01/2005

FE Sent For:

<END>

→ At
Intro.

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11 Mes 12/1/05
FE Sent For:

LRB-4074

11/28/2005 01:43:42 PM

Page 2

<END>

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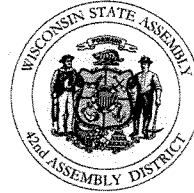
See Attached

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11285
<END>



J.A. HINES

STATE REPRESENTATIVE • 42ND ASSEMBLY DISTRICT

- ☐ PER YOUR REQUEST
☒ FOR YOUR INFORMATION

Joe,

This is the language we
would like drafted. Please let me
know if you have any questions.
Rep. Hines would like this as soon
as possible.

Thanks,

P.O. Box 8952 • MADISON, WI 53708 • STATE CAPITOL
(608) 266-7746 • TOLL-FREE: (888) 534-0042

may call

Peter

peshek: 755-8891

PROPOSED LEGISLATION

Add to the premier resort area statute (§66.1113, copy attached), the following:
66.1113(2)(g) Notwithstanding s. 707.10, a political subdivision that is a premier resort area may:

1. prohibit managed time-share projects.
 2. prohibit managed time-share projects, except for any managed time-share project which has applied for and been granted special zoning permission to locate within the premier resort area.
- (h) A political subdivision that is a premier resort area and which allows managed time-share projects under subs. (g)2. may impose a monthly tax on exchanges, to be paid by the managed time-share project with respect to each of its time-share units. The amount of the exchange tax shall be computed as follows: the daily rental value of each time-share unit shall be multiplied by the sum of (i) one-half of one percent and (ii) the percentage of tax imposed under s. 66.0615 in the premier resort area, and then multiplied by the number of days such time-share unit has been the subject of an exchange during the month.
- (i) In this section, "special zoning permission" includes but is not limited to the following: special exception, special permit, conditional use, zoning variance, conditional permit and words or similar intent. Agreement between the political subdivision and the managed time-share project as to the method by which the daily rental value of each time-share unit is computed is a condition precedent to the political subdivision's consideration of the managed time share project's application for special zoning permission.
- (j) For purposes of this section, "Managed time-share project" means a building or buildings containing one or more residential time-share units; and, such residential units may be occupied on a periodic basis by persons other than the owner through either rental or exchange; and, the project offers commercial amenities and activities commonly associated with hotels or clubs.

- (k) The proceeds of the tax described in (h) may be used only as follows:
____% to pay for infrastructure expenses within the jurisdiction of the
premier resort area and ____% to be spent in the manner specified in
§66.0615(d).



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4074/P1

MES&JK:.....

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 11-23-05

TUES
11-29

Wor

Gen

- 1 AN ACT ...; relating to: authorizing a premier resort area to limit or prohibit
2 managed time-share projects and to impose a tax on the exchange of
3 time-share units.

(political subdivision)

Analysis by the Legislative Reference Bureau

Generally, under current law, the governing body of a political subdivision, city, village, town, or county, may, by a two-thirds vote of the members of the governing body, enact an ordinance or adopt a resolution declaring itself to be a premier resort area if at least 40 percent of the equalized assessed value of the taxable property within the political subdivision is used by tourism-related retailers. "Tourism-related retailers" is defined to be certain retailers who are classified in the standard industrial classification manual that is published by the U.S. Office of Management and Budget. The statutory definition includes 21 retailers who are so classified, including variety stores, dairy product stores, gasoline service stations, eating places, drinking places, and hotels and motels.

A premier resort area may impose a tax at a rate of 0.5 percent of the gross receipts from the sale, lease, or rental of goods or services that are subject to the general sales and use tax and are sold by tourism-related retailers. The proceeds of the tax may only be used to pay for infrastructure expenses within the jurisdiction of the premier resort area. The definition of "infrastructure expenses" includes the costs of purchasing, constructing, or improving parking lots; transportation facilities, including roads and bridges; sewer and water facilities; recreational facilities; fire fighting equipment; and police vehicles.

Also under current law, the city of Eagle River and the city of Bayfield are authorized to enact an ordinance or adopt a resolution to become a premier resort

area notwithstanding the fact that neither city meets the generally applicable requirement that at least 40 percent of the equalized assessed value of the taxable property within a political subdivision be used by tourism-related retailers.

This bill authorizes a political subdivision that is a premier resort area to either prohibit the creation of managed time-share projects within the political subdivision, or to permit the creation of such projects, subject to regulation by the political subdivision. A "managed time-share project" is defined in the bill as a building that contains at least one residential time-share unit that may be occupied on a periodic basis by a person other than the owner through a rental or an exchange and that offers certain commercial amenities. *

Also under the bill, a political subdivision that permits the creation of a managed time-share project may impose a tax on exchanges of time-share units. Like the proceeds of the current law tax, the tax that is authorized in the bill may be used only to pay for infrastructure expenses in the premier resort area. The amount of the tax is equal to one percent of the daily rental value of the time-share unit, multiplied by the number of days in each month that the time-share unit is subject to an exchange. number

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 66.1113 (1) (am) of the statutes is created to read:

2 66.1113 (1) (am) "Managed time-share project" means a building that contains
3 at least one residential time-share unit, as defined in s. 707.02 (33), to which all of
4 the following apply: ✓

5 1. The residential unit may be occupied on a periodic basis by a person other
6 than the owner through either a rental or an exchange.

7 2. The project offers commercial amenities and activities commonly associated
8 with hotels or clubs. ✓

 ****NOTE: This definition is based on your instructions, but "clubs" seems a little vague. Do you mean athletic clubs or night clubs, or something else?

9 **SECTION 2.** 66.1113 (4) of the statutes is created to read:

10 66.1113 (4) **MANAGED TIME-SHARE PROJECTS.** (a) Notwithstanding s. 707.10, a
11 political subdivision that is a premier resort area may prohibit the creation of a

1 managed time-share project within the jurisdiction of the premier resort area, or
2 may permit the creation of such a project subject to ordinances enacted or regulations
3 adopted by the political subdivision. No political subdivision may permit the
4 creation of a managed time-share project unless the political subdivision and the
5 owner of the project enter into a written agreement that specifies the method by
6 which the daily rental value of each time-share unit is computed. check Δ

****NOTE: Paragraph (a) is based on your instructions. Based on the fact that par.
(a) states that a political subdivision may permit the creation of projects subject to
ordinances or regulations enacted or adopted by the political subdivision, I don't think
that the last sentence of par. (a) is needed. Should I delete it in the next version of the
bill?

7 (b) If a political subdivision permits a managed time share-share project to be
8 created within the jurisdiction of the premier resort area the political subdivision
9 may, notwithstanding s. 707.10, impose a tax on exchanges under s. 77.994 (3).

10 **SECTION 3.** 77.994 (3) of the statutes is created to read:

11 77.994 (3) Any municipality or county that imposes the tax under sub. (1) and
12 permits the creation of a managed time-share project under s. 66.1113 (4), may, by
13 ordinance, impose a tax on the exchange of any time-share unit included in the
14 managed time-share project at the rate of 1.0 percent of the daily rental value, as
15 computed consistent with the agreement under s. 66.1113 (4), multiplied by the
16 number of days in each month that the time-share unit is subject to an exchange.

17 (END)

Shovers, Marc

From: Parrott, Douglas
Sent: Wednesday, November 30, 2005 9:33 AM
To: Shovers, Marc
Subject: Changes to LRB 4074/P1

Attachments: legislation_comments_managedtimeshare_051129.doc

Marc,

I have attached a list of comments and answers to the questions raised in LRB 4074/P1. Rep. Hines would greatly appreciate if you could apply the suggested changes as soon as possible.

Please let me know if you have any questions.

Thanks,

Doug

Douglas Parrott
Office of Representative J.A. "Doc" Hines
608-266-7746
888-534-0042



egislation_comment
s_managedti...

Comments on Draft Legislation on Managed Time-Share Projects

1. In looking at the definition of managed time-share project, the statute needs to be absolutely clear that the amenities and activities may be offered as part of the entire development rather than just of one "building." In practice, amenities may be offered inside the building, outside the building but on the same parcel, or by contract with respect to adjoining/near-by properties. While the wording in the draft is very close to what we initially suggested, the concept of "project" rather than "building" must shine through.

To this end, the word "building" on page 2, line 2, should be changed to "property development" or some like term.

2. In response to the drafter's question about "clubs," page 2, line 8 should be changed to read as follows:

"with hotels, inns, camps, resorts or tourism attractions."

3. With respect to the drafter's question on page 3, I think the last sentence of paragraph (a) is vital. The daily rental value is the key to taxation, but is best defined on a case-by-case basis. Keeping this sentence in makes it absolutely clear that such agreement needs to be reached.

4. Absent this legislation, exchanges are not subject to either the room tax or the premier resort area tax. Accordingly, page 3, line 9 should be changed to read as follows:

"notwithstanding s. 707.10, impose a tax on exchanges under ss. 66.0615(1m)(☐) and 77.994(3)."

5. With respect to s. 77.994(3), the number "1.0" on page 3, line 14 should be changed to "0.5" in order to parallel the 0.5% tax which will be paid whenever a time-share unit is rented to the general public.

6. Also with respect to s. 77.994(3), I think it would be clearer to change page 3, line 15 to read as follows (and then delete line 16):

"computed consistent with the agreement under s. 66.1113(4)."

7. With respect to room taxes, the goal is to impose a room tax on the exchange which parallels the room tax that will be paid whenever a time-share unit is rented to the general public. This can be done by amending s. 66.0615(1m)(a) to include exchanges, or by creating a new subsection within s. 66.0615(1m) which references 66.065(1m)(a). If it is a new subsection, it could parallel the new s. 77.994(3) in the draft legislation, and would read as follows:

"(1m)(☐) Any municipality that imposes the tax under (a) and permits the creation of a managed time-share project under s. 66.1113(4) may, by ordinance, impose a room tax on the exchange of any time-share unit included in a managed time-share project. Such room tax shall be computed using the room tax rate currently in force in the municipality under (a) multiplied by the daily rental value, as computed consistent with the agreement under s. 66.1113(4), and shall be treated for purposes of this section in the same manner as the room tax imposed under (a)."



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4074/P1

MES&JK:jld:rs

RMA

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 12-1-05

due Ev. 12-2

negot

- 1 AN ACT *to create* 66.1113 (1) (am), 66.1113 (4) and 77.994 (3) of the statutes;
- 2 relating to: authorizing a premier resort area to limit or prohibit managed
- 3 time-share projects and to impose a tax on the exchange of time-share units.

Analysis by the Legislative Reference Bureau

Generally, under current law, the governing body of a city, village, town, or county (political subdivision) may, by a two-thirds vote of the members of the governing body, enact an ordinance or adopt a resolution declaring itself to be a premier resort area if at least 40 percent of the equalized assessed value of the taxable property within the political subdivision is used by tourism-related retailers. "Tourism-related retailers" is defined to be certain retailers who are classified in the standard industrial classification manual that is published by the U.S. Office of Management and Budget. The statutory definition includes 21 retailers who are so classified, including variety stores, dairy product stores, gasoline service stations, eating places, drinking places, and hotels and motels.

A premier resort area may impose a tax at a rate of 0.5 percent of the gross receipts from the sale, lease, or rental of goods or services that are subject to the general sales and use tax and are sold by tourism-related retailers. The proceeds of the tax may be used to pay only for infrastructure expenses within the jurisdiction of the premier resort area. The definition of "infrastructure expenses" includes the costs of purchasing, constructing, or improving parking lots; transportation facilities, including roads and bridges; sewer and water facilities; recreational facilities; fire fighting equipment; and police vehicles.

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This bill authorizes a political subdivision that is a premier resort area to either prohibit the creation of managed time-share projects within the political subdivision, or to permit the creation of such projects, subject to regulation by the political subdivision. A "managed time-share project" is defined in the bill as a ~~building~~ ^{development} that contains at least one residential time-share unit that may be occupied on a periodic basis by a person other than the owner through a rental or an exchange and that offers certain commercial amenities.

Also under the bill, a political subdivision that permits the creation of a managed time-share project may impose a tax on exchanges of time-share units. Like the proceeds of the current law tax, the tax that is authorized in the bill may be used only to pay for infrastructure expenses in the premier resort area. The amount of the tax is equal to ~~1~~ ^{0.5} percent of the daily rental value of the time-share unit, multiplied by the number of days in each month that the time-share unit is subject to an exchange.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 66.1113 (1) (am) ^X of the statutes is created to read:

66.1113 (1) (am) "Managed time-share project" means a ~~building~~ ^{development} that contains at least one residential time-share unit, as defined in s. 707.02 (33), to which all of the following apply:

1. The residential unit may be occupied on a periodic basis by a person other than the owner through either a rental or an exchange.

2. The ~~project~~ ^{development} offers commercial amenities and activities commonly associated with hotels ~~or clubs~~ ^{, inns, camps, resorts, or tourism attractions}.

****NOTE: This definition is based on your instructions, but "clubs" seems a little vague. Do you mean athletic clubs or night clubs, or something else?

SECTION 2. 66.1113 (4) ^X of the statutes is created to read:

66.1113 (4) MANAGED TIME-SHARE PROJECTS. (a) Notwithstanding s. 707.10, a political subdivision that is a premier resort area may prohibit the creation of a

1 managed time-share project within the jurisdiction of the premier resort area, or
2 may permit the creation of such a project subject to ordinances enacted or regulations
3 adopted by the political subdivision. No political subdivision may permit the
4 creation of a managed time-share project unless the political subdivision and the
5 owner of the project enter into a written agreement that specifies the method by
6 which the daily rental value of each time-share unit is computed.

***NOTE: Paragraph (a) is based on your instructions. Based on the fact that par.
(a) states that a political subdivision may permit the creation of projects subject to
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that the last sentence of par. (a) is needed. Should I delete it in the next version of the
bill?

7 (b) If a political subdivision permits a managed time-share project to be created
8 within the jurisdiction of the premier resort area the political subdivision may,
9 notwithstanding s. 707.10, impose a tax on exchanges under s. 77.994 (3). ^{66.0615 (1m)(a) ✓ or}
^{for both}

10 **SECTION 3.** 77.994 (3) [✓] of the statutes is created to read:

11 77.994 (3) Any municipality or county that imposes the tax under sub. (1) and
12 permits the creation of a managed time-share project under s. 66.1113 (4), may, by
13 ordinance, impose a tax on the exchange of any time-share unit included in the
14 managed time-share project at the rate of ^{0.5 ✓} ~~10~~ percent of the daily rental value, as
15 computed consistent with the agreement under s. 66.1113 (4), [✓] multiplied by the
16 ~~number of days in each month that the time-share unit is subject to an exchange.~~

17 (END)

**2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4074/lins
MES&JK:jld:rs

INSERT ANL

*

Under current law, a city, village, or town (municipality) and a local exposition district may impose a room tax. The room tax is a tax on the privilege of furnishing, at retail, rooms or lodging to transients by hotelkeepers, motel operators, and other persons who furnish accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations. Generally, the maximum room tax that a municipality may impose is 8 percent, and the proceeds of the tax are spent on tourism promotion and development, although some portion of the tax may be retained by the municipality.

This bill authorizes a municipality to impose the room tax on exchanges of time-share units. Under the bill, the room tax on exchanges that may be imposed for each day of an exchange is equal to the municipality's current room tax rate, multiplied by the daily rental value of the time-share unit. The proceeds of the room tax collected on such exchanges is treated the same way as the proceeds of any other amount of room tax that is collected under current law.

INSERT 2-1

SECTION 1. 66.0615 (1m) (a) of the statutes is amended to read:

66.0615 (1m) (a) The governing body of a municipality may enact an ordinance, and a district, under par. (e), may adopt a resolution, imposing a tax on the privilege of furnishing, at retail, except sales for resale, rooms or lodging to transients by hotelkeepers, motel operators and other persons furnishing accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations, and may impose the tax on the exchange of any time-share unit included in a managed time-share project that is allowed in a municipality under s. 66.1113 (4) (b). A room tax that is imposed on the exchange of a time-share unit shall be treated as any other room tax that is imposed under this paragraph, and shall be computed for each day of the exchange by multiplying the rate of the room tax by the daily rental value that is established under s. 66.1113 (4) (a). A tax imposed under this paragraph is not subject to the selective sales tax imposed by s. 77.52 (2) (a) 1. and may not be imposed on sales to the federal government and

persons listed under s. 77.54 (9a). A tax imposed under this paragraph by a municipality shall be paid to the municipality and may be forwarded to a commission if one is created under par. (c), as provided in par. (d). Except as provided in par. (am), a tax imposed under this paragraph by a municipality may not exceed 8%. Except as provided in par. (am), if a tax greater than 8% under this paragraph is in effect on May 13, 1994, the municipality imposing the tax shall reduce the tax to 8%, effective on June 1, 1994.

History: 1983 a. 189, 514; 1993 a. 263, 467, 491; 1999 a. 9; 1999 a. 150 ss. 565 to 567; Stats. 1999 s. 66.0615; 2003 a. 203.

(end ins 2-1)

Northrop, Lori

To: Rep.Hines
Subject: LRB 05-4074/1 attached as requested
Attachments: 05-4074/1



05-40741.pdf

Lori Northrop
Program Assistant
State of WS Legislative Reference Bureau
1 East Main Suite 200
Madison, WI., 53703
Phone 266-3561 fax 264-6948

Northrop, Lori

From: Rep.Hines
Sent: Wednesday, February 22, 2006 3:59 PM
To: LRB.Legal
Subject: LRB 4074

Please have LRB 4074 jacketed for the Senate and sent to Senator Schultz's office.

Sincerely,

Rep. Jake Hines